

No. 21752  
No. 21752A

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IN THE  
**United States Court of Appeals**  
**for the Ninth Circuit**

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SUPER MOLD CORPORATION,

*Appellant,*

vs.

CLAPP'S EQUIPMENT DIVISION, INC.,

*Appellee.*

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CLAPP'S EQUIPMENT DIVISION, INC.,

*Appellant,*

vs.

SUPER MOLD CORPORATION,

*Appellee.*

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**PLAINTIFF-APPELLANT'S REPLY BRIEF**

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**PLAINTIFF-APPELLANT'S REPLY BRIEF**

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**DEFENDANT-APPELLEE'S STATEMENT  
OF THE CASE**

The facts set forth by the defendant in its Statement of the Case generally correspond to those recited in Plaintiff-Appellant's Opening Brief. Plaintiff wishes to point out, however, one important discrepancy, namely the first paragraph on Page 15 of Defendant's Brief states that there is found not a

single documentary reference directed to an experimental program in connection with the Sears' sale. This statement is clearly incorrect since it completely ignores the detailed report sent by the inventor Fike to Sears November 5, 1958 (Record 214 and Appendix A to Plaintiff-Appellant's Opening Brief). This report sets forth three causes of breakdowns in the experimental Bead Aligners and points out how such defects could be corrected.

Reference to this report will indicate clearly that the Sears' Bead Aligners were breaking down in use. Thus, the report refers first to the shafts blowing out of the aligner. This shaft is designated 124 in Fig. 4 of the patent drawings appearing at Page 35 of Plaintiff-Appellant's Opening Brief. The report next refers to breaking of the bottom aligner wheel, designated 120 in Fig. 4 of the patent drawings. Finally, the report refers to bending of the aforementioned shaft. An examination of the patent drawings will make it clear that in the event of any of these three contingencies the Bead Aligner would become completely inoperative whereby the tire retreading mold upon which it was mounted would necessarily be removed from service-exactly as stated by the inventor Fike (Fike Depo. 29).

## THE FALLACIES OF DEFENDANT'S ARGUMENT

Re Defendant's Argument There Is No Genuine Issue Of Material Fact.

This issue was fully explored in Plaintiff-Appellant's Opening Brief at Pages 28 through 31 and requires no amplification herein.



Re Defendant's Contention That The Totality Of The Evidence Fully Shows That The Acts Of Trutred Prior To The Critical Date Constituted Commercial Exploitation And Not Merely Experimentation.

The only argument appearing under this heading which requires discussion is set forth at Page 20 where defendant contends that it would have been implausible for Sears to gamble \$40,000.00 on the Bead Aligner if the latter were not already commercially usable. At first blush defendant's argument appears sound, but when the uncontested facts are examined the soundness of this argument fades. Thus, it should be noted that the arrangement between Trutred and Sears concerning the Bead Aligner was not a conventional commercial transaction. *Sears did not purchase an off-the-shelf machine when it purchased the Bead Aligners.* Instead, the Bead Aligners ordered by Sears were hand-built and not constructed on a production basis (Record 271) (Fike Depo. 31). Moreover, these Bead Aligners were constructed in the Trutred shop one at a time rather than being constructed by the assembly line method, and no jigs and fixtures were utilized as in the case of other Trutred products (Fike Depo. 32).

Next, it should be noted that Trutred and Sears were not in the position of an ordinary buyer and seller with respect to the purchase of the Bead Aligners. In this regard, the retreading plants wherein the Bead Aligners were installed and tested were not owned or operated by Sears (Fike Depo. 14, 15). Instead, these plants were owned by operated by

several individuals including Jack Koplín, Paul Klein, Milton Goldberg and Barney Tolansky (Fike Depo. 16, 17). Sears, however, owned the retreading equipment in these plants. As a plant operator the aforementioned Jack Koplín authorized the Sears' order after Fike told him Fike believed he was "on the right track to curing the problem" (Fike Depo. 31). Koplín was aware that the delivery of the Bead Aligners was in connection with an experimental problem (Fike Depo. 51). Both Sears and Trutred were jointly interested in solving the industry-wide problem of crooked tire treads (Record 270) (Fike Depo. 12 and 13). In fact, Sears had invited others in the trade to solve this problem in early 1958 (Fike Depo. 23). Accordingly, it will be clear that *Sears in purchasing the Bead Aligners from Trutred was attempting to solve this serious problem and was not merely purchasing a machine used in day-to-day tire rebuilding.* The fact that the relationship between Trutred and Sears was not that of the ordinary buyer and seller is further evidenced by the aforementioned Fike report to Sears of November 5, 1958. This report details three serious operational failures encountered in the Bead Aligners. *This Court can take judicial notice that such reports are not furnished to the purchaser of a commercially-proven machine.*

It will therefore be apparent that the uncontested facts indicate it would be quite reasonable to assume that Sears was in fact willing to gamble \$40,000.00 to solve the long-standing industry-wide problem of crooked treads.

It is of course unfortunate that further evidence

regarding Sears' willingness to gamble could not be brought before this Court. This paucity of evidence resulted from the refusal of the District Court to go forward with the separate trial on the public use issue previously ordered by the District Court, despite the plea of plaintiff's attorney at the Summary Judgment hearing for a full scale trial to permit the production of witnesses (Transcript 20). Direct evidence as to whether or not Sears was willing to make the gamble could only be adduced by means of a trial. In this regard, this Court will appreciate the difficulty of trying to obtain affidavits for use at a Summary Judgment hearing from persons not a party to a lawsuit.

**Re Defendant's Contention That The Modifications Made After The Sales Of The Patented Apparatus Did Not Change The Commercial Character Of Trutred's Activities.**

Commencing with Page 23 defendant argues that the changes made in the Bead Aligners after the beginning of the experimental program were merely improvements and did not amount to patentable advances. This ground of argument must fail because the fact upon which it is premised is incorrect. The changes made to the Sears' Bead Aligners as a result of the testing thereof were not mere improvements, but instead were necessary in order to prevent such Bead Aligners from breaking down (Fike Depo. 46). Thus, it will be clear that this case differs from the authorities cited by defendant in that Fike was not merely

trying to improve a commercially usable apparatus, but instead was making the necessary modifications to an unperfected apparatus to perfect it to the point where it could remain in day-to-day operation. The fact the modifications were not patentable is immaterial so long as such modifications were part of the bona fide experimental program.

**Re Defendant's Argument That Trutred's Advertisements And Trade Show Demonstrations Of The Patented Apparatus Are Themselves Invalidating Public Uses And "On Sales" Under 35 U.S.C. Sec. 102(b).**

At Page 25 defendant argues that the mere fact Trutred advertised the Bead Aligner, displayed the two dummy Bead Aligners at the October 1958 NTDR trade show and offered a Bead Aligner as a door prize at such show resulted in an invalidating public use. This argument is completely fallacious. This question was decided by the Supreme Court in the early case of *Elizabeth v. Pavement Co.*, 97 U. S. 126 referred to at Page 24 of Plaintiff-Appellant's Opening Brief. In the *Elizabeth* case the length of pavement embodying the invention was publicly used and in clear public sight for six years before a patent application was filed. As noted in Plaintiff-Appellant's Opening Brief the Supreme Court stated that although this use was open to the public it was not a public use within the meaning of the statute so long as the inventor was testing and developing the invention. To the same effect are the *Universal Marion* and the *Merrill* cases referred to in Plaintiff-Appellant's Open-

ing Brief at Page 23. The *Piet v. United States* case relied upon by defendant is inapposite because the patentee in that case *did not even contend there was an experimental use*. The same is true with respect to the *Egbert* case next cited by defendant.

At Page 26 defendant contends that the activities of Trutred at the NTDRA Convention separately placed the patented apparatus "on sale" under the provisions of 35 U.S.C. 102(b). This argument is not only untenable, since as noted hereinabove the authorities are all in agreement that during the period of an experimental program a devise does not fall within the "on sale" provision of 35 U.S.C. 102(b). The several cases cited by the defendant on Page 26 are not in point since none of these cases involved an experimental program. This Court's attention is particularly directed to the *Akron Brass* case cited by the defendant wherein it was held that there could not be a placing "on sale" until

"after the experimental stage has passed, the invention reduced to practice, and the apparatus manufactured in its perfected form." Citing *Julian v. Drying Systems Co.*, 346 F. 2d 336.

Accordingly, on the basis of the authority of the *Akron Brass* case the Bead Aligners could not be held "on sale" during the Sears' experimental program. Thus, if this Court agrees with plaintiff that at the time of the NTDRA Convention the Bead Aligners were still the subject of an experimental program, the "on sale" provision of 35 U.S.C. 102(b) could not possibly apply.

Re Defendant's Contention That The Section 102(b)  
— Section 112 Dilemma Of Super Mold's Creation  
Has No Support In Law Or Fact.

This argument of defendant is worthy of little comment except to note that in both the *Pennock and Sellers v. Dialogue* and the *Koehring Company v. National Automatic* cases the Court found that the devices operated to the satisfaction of the inventor long prior to the critical filing date. The inventor therefore had developed the *best mode* of his invention long prior to the critical filing date and had no reason to conduct further development.

Re Defendant's Contention That The Cases Cited  
By Super Mold Demonstrate The Gross Difference Be-  
tween Bona Fide Experimentation And Trutred Ac-  
tivities.

Commencing at Page 29 defendant complains that the three cases cited by Super Mold in its Opening Brief differ from the factual situations in the present case because in these three cases only a single machine or use was involved. As set forth in Plaintiff-Appellant's Opening Brief this is exactly the point which led the District Court to erroneously hold a public use in this case. Thus, as set forth commencing at Page 27 of Plaintiff-Appellant's Opening Brief the District Court failed to appreciate that whether one machine or 248 machines were involved in the Sears' experimental program was immaterial so long as the use of such machines involved a good faith experimental use. This is particularly true where but a single sale to a single customer of a single design is involved.

Although many Bead Aligners were placed in use, each of the modifications were made in each of the devices. To arbitrarily limit the number of machines an inventor might employ in an experimental program could readily extend the time necessary to complete the experimental program and thereby delay the introduction of the new technology involved to the buying public.

A fact situation similar to that in the present case existed in *Progressive Engineering, Inc. v. Machinecraft, Inc.*, 169 F. Supp. 291 (D. Mass. 1959) affd. 273 F.2d 593 (1st Cir. 1959). In the *Progressive Engineering* case the patent in suit related to a top roll for a textile weaving mechanism and the patentee sold 12 rolls to one customer and 400 rolls to another customer before the critical date. The Court found, however, that since these sales were part of an experimental program, the sales neither individually nor collectively constituted a public use invalidating the patent.

In *Great Lakes Carbon Corp. v. Continental Oil Company*, 219 F. Supp. 468, affirmed at 345 F. 2d 175 (5th Cir. 1965), the experimental program involved a purchase order for 17,000 tons of coke, yet the Court held that since the sale involved experiments and the "experiments resulted in changes which made practical commercial operations possible," no public use was involved.

Another recent case involving the sale of a number of machines is *Ushakoff v. United States*, 328 F. 2d 669 (Court of Claims 1964). In the *Ushakoff* case

the patentee sold 36 solar stills to the government over one year before the patent filing date. The Court held, however, that since these stills were tested and modified after delivery to render them practical the sale did not constitute a public use invalidating the patent.

The common thread running through the above-mentioned *Progressive Engineering*, *Great Lakes Carbon* and *Ushakoff* decisions is the conduct of a good faith experimental program to develop a commercially impractical device into a commercially usable device. This same thread runs through the *Universal Marion*, *Merrill* and *Elizabeth* cases. None of these cases placed any limit on the number of devices employed in an experimental program.

Applying the law of the above cases to the uncontroverted facts in the present case, it will be seen that the inventor Fike utilized the Sears' sale to develop his Bead Aligner from a device that frequently broke down into a commercially usable tool and accordingly the Sears transaction was a bona fide experimental use program. The District Court therefor erred in this case when it concluded:

“the admitted sale of 248 machines prior to the critical date precludes any defense based on experimentation” (Record 343).

**Re Defendant's Contention That This Case Is An Exceptional Case, Which Justifies Award Of Reasonable Attorneys' Fees To Defendant.**

Commencing at Page 31, defendant seeks to persuade this Court that the District Court erred in re-



fusing defendant its attorneys' fees. Plaintiff is hopeful that the question of attorneys' fees will be rendered moot by the virtue of this Court's reversal of the District Court's judgment.

The *Park-In Theatres v. Perkins* decision referred to by defendant in its brief sets forth the basis for granting a prevailing litigant in a patent suit its attorneys' fees, this case holding such an allowance should be bottomed upon a finding of unfairness or bad faith in the conduct of the losing party.

As noted in defendant's brief the District Court found as a matter of fact the plaintiff did not act in bad faith so as to justify the award of such attorneys' fees. Plaintiff contends that on the contrary it has always acted in complete good faith. Thus, it was plaintiff who made public all of the details of the Sears program by submitting the documentary evidence thereof to the Patent Office during the prosecution of the patent in suit. Once the patent in suit was issued and defendant was found to infringe, plaintiff prior to filing this action conferred with its patent counsel regarding the merits of plaintiff's case and particularly the public use versus experimental use program (Record 273, 284). As a result of plaintiff's review of the circumstances of the Sears transaction with its patent counsel, the present action was filed.

The facts in this case are similar to those in *Florida Brace Corp. v. Bartels* decided by this Court in May 1964 and reported at 332 F.2d 337. In the *Florida Brace* case, the patent was held invalid and the District Court awarded defendants their attorneys' fees.

The plaintiffs brought the action relying upon the advice of their patent counsel. This Court reversed the award of attorneys' fees holding:

“Appellants thought that they had a good patent. They were proved wrong, but such proof does not establish a lack of good faith.”

Since the plaintiff in the present case has always acted in good faith, there is no basis whatever for awarding defendant its attorneys' fees.

## CONCLUSION

The uncontroverted facts in this case establish that the inventor Fike was faced with an industry-wide problem of crooked tire treads. To solve this problem he conceived his Bead Aligner and built and tested two prototypes thereof. These prototypes broke down when placed in commercial operation, but Fike believed he could perfect his design to the point of commercial usability by further testing and development. Sears was vitally interested in Fike's project and ordered 248 of his Bead Aligners thereby providing him an opportunity to conduct a “crash” development program under various working conditions throughout the country.

The Bead Aligners were hand-built one at a time and installed and tested. As Fike had anticipated, these Bead Aligners broke down in operation. Fike was immediately informed of such breakdowns and he corrected his design as necessary to prevent recurrences. Each design change was made to each of the 248 Bead Aligners. The development program

continued until the causes of breakdowns were all eliminated.

This program was a good faith experimental use and it was error for the District Court to hold such program was a public use merely because of the number of machines involved in the development program.

The District Court erred in any event by granting a Motion For Summary Judgment when the fact of the inventor's motivation in conducting the Sears' program was unresolved. By its action the District Court destroyed plaintiff's valuable property right in its patent without giving plaintiff its day in court.

The Judgment of the District Court should be reversed.

Respectfully submitted,

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### CERTIFICATE

I certify that, in connection with the preparation of this Brief, I have examined Rules 18 and 19 of the United States Court of Appeals for the Ninth Circuit, and that in my opinion, the foregoing Brief is in full compliance with those rules.

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*Francis A. Utecht*

